

TOWERS MARTS AND PROPERTIES LIMITED**NOTICE OF ANNUAL MEETING**

Take notice that the Annual Meeting of the Shareholders of Towers Marts and Properties Limited will be held in the Alberta Room at the Royal York Hotel, 100 Front Street West, Toronto, Canada, on Friday, the 22nd day of March, 1968, at the hour of 10:30 o'clock in the forenoon (Toronto time);

- (a) to receive the financial statements of the Company;
- (b) to elect directors;
- (c) to appoint auditors and authorize the directors to fix their remuneration; and
- (d) to transact such other business as may properly come before the Meeting.

Dated at Toronto this 7th day of March, 1968.

By Order of the Board,

S. GOTFRID, Q.C.,
Secretary.

NOTE: If you are unable to be present at the Meeting, please sign, date and return the enclosed proxy in the enclosed return envelope.

TOWERS MARTS AND PROPERTIES LIMITED

INFORMATION CIRCULAR

for

ANNUAL MEETING OF SHAREHOLDERS

to be held March 22, 1968

This circular accompanies Notice of the Annual Meeting of the Shareholders of Towers Marts and Properties Limited to be held March 22, 1968, and is furnished in connection with the solicitation by the management of proxies to be voted at such meeting for the purposes set forth in the Notice. Proxies in the form enclosed which are properly executed, returned to the management and not revoked will be voted at such meeting in accordance with the authority contained therein. Any such proxy may be revoked at any time before it is exercised.

VOTING RIGHTS

3,015,760 shares without nominal or par value of the Company are outstanding, each of which entitles the holder to one vote at all meetings of Shareholders.

Shareholders of record on March 22, 1968, the date of the Annual Meeting, are entitled to vote but those desiring to be represented at the Meeting by a nominee must deposit their proxies with the Company prior to the commencement of the Meeting.

Pursuant to the Company's proposal dated July 8, 1963, made under Part III of the Bankruptcy Act and to an agreement made as of January 22, 1966, between Lincoln Rochester Trust Company (Lincoln Rochester), National Trust Company, Limited (Voting Trustee) and the Company, Lincoln Rochester deposited 1,750,000 shares of the Company with the Voting Trustee and received voting trust certificates in exchange therefor. Under the said voting trust agreement the Voting Trustee shall cause the voting power attached to all shares deposited thereunder to be so exercised as to elect and maintain in office a majority of the directors of the Company in accordance with the direction of the Creditors' Committee constituted pursuant to the said Proposal. In respect of all other matters, including the election of other directors of the Company, the Voting Trustee shall vote the said shares only in accordance with written instructions of the registered holders of voting trust certificates.

Lincoln Rochester, through its nominee, holds as pledgee 2,000,000 shares of the Company (representing approximately 63% of the outstanding shares) and is entitled to exercise voting rights in respect thereof, subject to the said voting trust agreement as to 1,750,000 of such shares.

ELECTION OF DIRECTORS

It is proposed to nominate the persons listed below as directors of the Company, to serve until the next Annual Meeting of the Shareholders or until their successors are duly elected or appointed, unless any such person is not available to act as a director, in which event a substitute may be so nominated:—

**INFORMATION AS TO PERSONS PROPOSED TO BE
NOMINATED FOR ELECTION AS DIRECTORS**

<u>Name of proposed Nominee</u>	<u>Other positions and offices held with Company</u>	<u>Principal occupations or employment at present and within the past 5 years</u>	<u>Director Since</u>	<u>Number of shares beneficially owned directly or indirectly ⁽¹⁾</u>
M. GOLDHAR	President	President—First Canada Financial Corporation Limited	1964	one
S. GOTFRID, Q.C.	Secretary-Treasurer	Partner—Gotfrid, Burnett & Kelner (<i>Barristers & Solicitors</i>)	1963	one
R. D. WOLFE		President—The Oshawa Wholesale Limited	1963	one
J. A. RENWICK, Q.C.		Member of the Legislative Assembly; Counsel—Thomas & Walden (<i>Barristers & Solicitors</i>)	1965	one
M. BUZEK		President—Dominion Window and Floor Service Limited	1964	26
C. R. ARCHIBALD, Q.C.		Partner—Strathy, Archibald, Seagram & Cole (<i>Barristers & Solicitors</i>)	1964	one
S. H. WAITE		Partner—Nixon, Hargrave, Devans & Doyle (<i>Attorneys</i>)	1964	one
C. E. DALRYMPLE		Assistant Vice-President— Lincoln Rochester Trust Company	1967	one
J. W. GABEL		Vice-President— Lincoln Rochester Trust Company	1967	one

NOTE: ⁽¹⁾ The number of shares shown above is as reported by the respective nominees.

The following five nominees are to be elected under the said voting trust agreement in accordance with the direction of the Creditors' Committee: M. Goldhar, S. Gotfrid, R. D. Wolfe, J. A. Renwick and M. Buzek.

Management is not aware that any of the nominees would be unwilling to serve as a director, if elected.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid by the Company to its senior officers during the year ended September 30, 1967, was \$32,500.

APPOINTMENT OF AUDITORS

As indicated therein, proxies solicited by management will be voted for the appointment of Clarkson, Gordon & Co. as auditors of the Company. Clarkson, Gordon & Co. were first appointed auditors of the Company in 1964.

OTHER BUSINESS

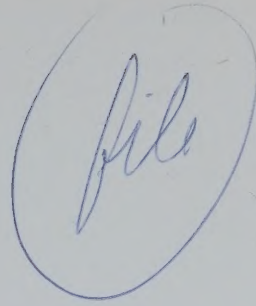
The management knows of no matters to come before the meeting other than the matters referred to in the Notice. However, if any other matters which are not known to the management should properly come before the meeting, the proxies will be voted on such matters in accordance with the best judgment of the person voting the proxies.

SOLICITATION OF PROXIES

The cost of this solicitation of proxies for the Annual Meeting of Shareholders is being borne by the Company.

March 7, 1968.

S. GOTFRID, Q.C.,
Secretary



TOWERS MARTS
AND
PROPERTIES
LIMITED

Annual Report
SEPTEMBER 30, 1968

PRESIDENT'S REPORT

November 25, 1968.

TO THE SHAREHOLDERS:

The financial reports for the Company for the fiscal year ending September 30, 1968, including the auditors' report, are included herewith showing comparative figures for the preceding year.

Your Company's investment in 61,146 Class "A" shares of The Oshawa Wholesale Limited had a market value as of September 30, 1968, of approximately \$2,300,000 as compared with the cost of about \$1,040,000.

The Company and the Trustee under the proposal made in 1963 under Part III of the Bankruptcy Act are continuing to defend claims in excess of \$6,000,000 made by three creditors. These claims were originally disallowed by the Trustee and upon appeal by the creditors the Court ordered that the issues should be tried in the Supreme Court of Ontario. It now appears that the trials will take place at the beginning of next year. Until there has been

a disposition of these claims your directors will not be in a position to determine the future course of your Company.

The directors are concerned that the public mistakenly believes that the Company owns or operates the discount department stores operating under the name Towers in Toronto and several other Canadian cities. As this is not the case and to avoid any misunderstanding, the directors are resolved that the Company make an application for Supplementary Letters Patent changing its name to Towmart Holdings Limited.

It is considered in the best interests of the shareholders that the name be changed, and the shareholders will be asked to confirm this resolution at the annual and general meeting to be held December 17, 1968.

On behalf of the Board

M. GOLDHAR, President.

Clarkson, Gordon & Co.

Chartered Accountants

15 Wellington Street West, Toronto 1, Canada

Halifax Quebec Montreal Ottawa
Toronto Hamilton Kitchener London Windsor
Winnipeg Regina Calgary Edmonton Vancouver

Arthur Young, Clarkson, Gordon & Co.
United States — Brazil

Telephone 368-2751 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of TOWERS MARTS AND PROPERTIES LIMITED:

We have examined the balance sheet of Towers Marts and Properties Limited as at September 30, 1968 and the statements of income and expense and deficit and source and application of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We are not in a position to express an opinion on the financial position of Towers Marts and Properties Limited as shown by the balance sheet at September 30, 1968 due to the uncertainty as to the extent of possible liabilities, if any, relating to claims of approximately \$6,030,000 at that date, as explained in note 1 to the financial statements. It is our opinion,

Toronto, Canada,
October 31, 1968.

however, that the assets and liabilities, other than possible additional liabilities arising out of the aforementioned claims, are presented fairly in the balance sheet and that the statements of income and expense and deficit and source and application of cash present fairly the results of operations of the company and the source and application of its cash for the year ended September 30, 1968, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We report that certain officers and directors of The Clarkson Company Limited which is acting as Trustee under the Proposal to Creditors dated July 8, 1963, are partners in our firm.

CLARKSON, GORDON & CO.
Chartered Accountants

STATEMENT 2

STATEMENT OF INCOME
AND EXPENSE AND DEFICIT

FOR THE YEAR ENDED SEPTEMBER 30, 1968

(with comparative figures for the year ended September 30, 1967)

INCOME:	1968	1967
Lease rentals and payments received under sub-leasing agreements	\$ 286,060	\$ 406,648
Less amortization of leased properties	159,885	163,182
	126,175	243,466
Miscellaneous income	23,428	10,083
	149,603	253,549
EXPENSES:		
Interest on mortgages	94,786	123,105
Interest on loan and notes payable	23,362	25,947
General expenses	70,936	83,114
	189,084	232,166
Profit (loss) for year before special credits	(39,481)	21,383
SPECIAL CREDITS:		
Net payment for interest in the profit before income tax of		
Allied Towers Merchants Limited		545,254
Gain on exchange of shares of Allied Towers Merchants Limited for shares		
of The Oshawa Wholesale Limited		450,732
Discount on purchase of 3% notes under offer made to noteholders		803,144
Recovery of provision for unsecured claims made in prior years		55,000
		1,854,130
Special credits plus profit (loss) for year (note 4)	(39,481)	1,875,513
Deficit, beginning of year	2,507,365	4,382,878
Deficit, end of year	\$2,546,846	\$2,507,365

(See accompanying notes to financial statements)

ASSETS

CURRENT:	1968	1967
Cash and deposit receipt	\$ 238,285	\$ 221,876
Accounts receivable	34,210	75,850
Rental on leased properties due within one year	168,991	159,885
TOTAL CURRENT ASSETS	441,486	457,611
Investment in 61,146 Class "A" shares of The Oshawa Wholesale Limited (note 2) (approximate market value \$2,293,000)	1,039,482	1,039,482
Shopping centres under lease option due April 30, 1975 at amortized value (note 3)	1,285,523	1,445,408
Less rental due within one year, included in current assets	168,991	159,885
	<u>1,116,532</u>	<u>1,285,523</u>

On behalf of the Board:

M. GOLDHAR, Director

S. GOTFRID, Director

\$2,597,500

\$2,782,616

(See accompanying notes)

STATEMENT

1968

(September 30, 1967)

STATEMENT 1

LIABILITIES

CURRENT:

	1968	1967
Accounts payable and accrued charges	\$ 38,114	\$ 44,081
Accrued interest on mortgages and loan	6,970	38,996
Instalments on mortgages and loan due within one year	167,495	124,991
TOTAL CURRENT LIABILITIES	212,579	208,068

LONG TERM:

Mortgages (against which the assets of the company, except cash and the deposit receipt, are pledged as collateral) —		
6% due monthly to May 1, 1971	107,467	117,500
8% due monthly to December 5, 1975	525,916	565,332
9% due monthly to March 31, 1977	457,818	503,373
	1,091,201	1,186,205
6% loan payable due monthly to April 1, 1971	85,091	115,077
	1,176,292	1,301,282
Less instalments on mortgages and loans due within one year, included in current liabilities	167,495	124,991
	1,008,797	1,176,291
3% (6% from October 1, 1970) serial notes due annually from September 30, 1970 to 1979, including accrued interest	665,024	647,676
TOTAL LONG TERM DEBT	1,673,821	1,823,967

SHAREHOLDERS' EQUITY:

Capital —

Authorized:		
3,750,000 shares of no par value		
Issued:		
3,016,769 shares	3,257,946	3,257,946
Deficit (statement 2)	2,546,846	2,507,365
	711,100	750,581

\$2,597,500 \$2,782,616

STATEMENT 3

STATEMENT OF SOURCE AND APPLICATION OF CASH

FOR THE YEAR ENDED SEPTEMBER 30, 1968

(with comparative figures for the year ended September 30, 1967)

FACTORS WHICH PROVIDED CASH:	<u>1968</u>	<u>1967</u>
Net payment for interest in the profit before income tax of		
Allied Towers Merchants Limited		\$545,254
Lease payments and payments received under sub-leasing agreements ...	\$297,145	419,029
Proceeds on sale in 1967 of furniture and fixtures	28,875	
Interest and dividends	25,108	5,286
	<u>351,128</u>	<u>969,569</u>
 FACTORS WHICH REQUIRED CASH:		
Payments on accounts payable and general expenses	77,565	108,273
Payments, including interest, on mortgages	221,154	384,165
Payments, including interest, on 6% loan payable	36,000	36,000
Purchase of 3% notes payable at 25% of the principal amount		238,926
	<u>334,719</u>	<u>767,364</u>
Increase in cash during year	<u>\$ 16,409</u>	<u>\$202,205</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1968

1. Claims, in addition to those provided for in the balance sheet, amounting to approximately \$6,030,000 have been filed under the Proposal made by the company to its creditors on July 8, 1963. These claims are based on the company's alleged guarantee of certain obligations of its former parent company, Towers Marts International, Inc. They have been disallowed by the trustee and are being contested in the courts by the trustee on behalf of the company.

2. The company's investment in Class "A" shares of The Oshawa Wholesale Limited is carried at the market value of those shares at the date they were acquired in exchange for the shares of Allied Towers Merchants Limited.

3. The company has transferred its interests in the operation of the Towers shopping centres to Allied Towers Merchants Limited as of May 1, 1963. Ten of these shopping centres on which the company has long-term leasing commitments requiring payment in total of approximately \$2,200,000 per annum were sub-leased to Allied Towers Merchants Limited for the same monthly rental. In conjunction with this arrangement, the company is entitled to receive a

rental rebate of \$50,000 annually until December 31, 1973, and after 1975 the company's interest in the leases has been assigned to Allied Towers Merchants Limited for the balance of the term of the leases. The two shopping centres owned by the company were leased to Allied Towers Merchants Limited for a 12-year period from May 1, 1963 at an annual rental of approximately \$240,000. The lessee has the option to purchase either or both of the shopping centres at any time during the term of the leases at the present value (computed at 6% per annum) of the future lease payments. The shopping centres are reflected on the accompanying balance sheet at the option price at September 30, 1968 and the reduction in the option price during the year has been written off against lease income in the statement of income and expense and deficit.

4. No income taxes were payable by the company as a result of the application of losses incurred in prior years.

5. Direct remuneration to directors and senior officers as defined under the Corporations Act (Ontario) during the year amounted to \$20,000 (1967 — \$32,500).

TOWERS MARTS AND PROPERTIES LIMITED

DIRECTORS:

C. R. ARCHIBALD M. GOLDHAR
M. BUZEK J. W. GABEL
C. E. DALRYMPLE J. A. RENWICK
S. GOTFRID S. H. WAITE
 R. D. WOLFE

OFFICERS:

M. GOLDHAR, President
S. GOTFRID, Secretary

SOLICITORS:

HOLDEN, MURDOCH, WALTON, FINLAY,
ROBINSON, PEPALL & HARVEY — Toronto

AUDITORS:

CLARKSON, GORDON & CO. — Toronto

**TRANSFER AGENT
AND REGISTRAR:**

NATIONAL TRUST COMPANY LIMITED — Toronto

TOWERS MARTS AND PROPERTIES LIMITED

NOTICE OF ANNUAL AND GENERAL MEETING

Take notice that the Annual and General Meeting of the Shareholders of Towers Marts and Properties Limited will be held in the Alberta Room at the Royal York Hotel, 100 Front Street West, Toronto, Canada, on Tuesday, the 17th day of December, 1968, at the hour of 11:00 o'clock in the forenoon (Toronto time);

- (a) to receive the financial statements of the Company;
- (b) to elect directors;
- (c) to appoint auditors and authorize the directors to fix their remuneration;
- (d) to consider and, if approved, to confirm with or without variation a resolution passed by the directors on the 4th day of November, 1968 authorizing an application for Supplementary Letters Patent changing the name of the Company to Towmart Holdings Limited; and
- (e) to transact such other business as may properly come before the Meeting.

Dated at Toronto this 25th day of November, 1968.

By Order of the Board,

S. GOTFRID, Q.C.,
Secretary.

NOTE: If you are unable to be present at the Meeting, please sign, date and return the enclosed proxy in the return envelope provided.

TOWERS MARTS AND PROPERTIES LIMITED

INFORMATION CIRCULAR

for

ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

to be held December 17, 1968

This circular accompanies Notice of the Annual and General Meeting of the Shareholders of Towers Marts and Properties Limited to be held on December 17, 1968, and is furnished in connection with the solicitation by the management of proxies to be voted at such Meeting for the purposes set forth in the Notice. The costs of such solicitation will be borne by the Company.

Shares represented by a proxy in the form enclosed will be voted by the persons named therein:

- (i) for the election as Directors of the Company of the nine persons listed under the heading "Election of Directors" below.**
- (ii) for the appointment of Clarkson, Gordon & Co. as auditors of the Company.**
- (iii) for or against the confirmation of the resolution authorizing an application for Supplementary Letters Patent changing the name of the Company to Towmart Holdings Limited in accordance with the choice specified by the shareholder or, where no choice is specified, for such confirmation;**
- (iv) for such action as such nominee thinks fit with respect to other matters which may properly come before the Meeting.**

A shareholder has the right to appoint a person (who need not be a shareholder) to represent him at the Meeting other than the persons designated in the form of proxy enclosed. Such right may be exercised by filling in the name of such person in the blank space provided in such form of proxy.

Any proxy may be revoked at any time before it is exercised.

VOTING RIGHTS

3,016,769 shares without nominal or par value of the Company are outstanding, each of which entitles the holder to one vote at all meetings of Shareholders.

Shareholders of record on December 17, 1968, the date of the Annual and General Meeting, are entitled to vote but those desiring to be represented at the Meeting by a nominee must deposit their proxies with the Company prior to the commencement of the Meeting.

Pursuant to the Company's proposal dated July 8, 1963, made under Part III of the Bankruptcy Act, and to an agreement made as of January 22, 1966, between Lincoln Rochester Trust Company (Lincoln Rochester), National Trust Company, Limited (Voting Trustee) and the Company, Lincoln Rochester deposited 1,750,000 shares of the Company with the Voting Trustee and received voting trust certificates in exchange therefor. Under the said voting trust agreement the Voting Trustee shall cause the voting power attached to all shares deposited thereunder to be so exercised as to elect and maintain in office a majority of the directors of the Company in accordance with the direction of the Creditors' Committee constituted pursuant to the said Proposal. In respect of all other matters, including the election of other directors of the Company, the Voting Trustee shall vote the said shares only in accordance with written instructions of the registered holders of voting trust certificates.

Lincoln Rochester, through its nominee, holds as pledgee 2,000,000 shares of the Company (representing approximately 66% of the outstanding shares) and is entitled to exercise voting rights in respect thereof, subject to the said voting trust agreement as to 1,750,000 of such shares.

ELECTION OF DIRECTORS

It is proposed to nominate the persons listed below as directors of the Company, to serve until the next Annual Meeting of the Shareholders or until their successors are duly elected or appointed, unless any such person is not available to act as a director, in which event a substitute may be so nominated:—

INFORMATION AS TO PERSONS PROPOSED TO BE NOMINATED FOR ELECTION AS DIRECTORS

<i>Name of proposed Nominee</i>	<i>Other positions and offices held with Company</i>	<i>Principal occupations or employment at present and within the past 5 years</i>	<i>Director Since</i>	<i>Number of shares beneficially owned directly or indirectly (1)</i>
M. GOLDHAR	President	President — First Canadian Financial Corporation Limited	1964	one
S. GOTFRID, Q.C.	Secretary	Partner — Gotfrid, Burnett & Kelner (Barristers & Solicitors)	1963	one
R. D. WOLFE		President — The Oshawa Wholesale Limited	1963	one
J. A. RENWICK, Q.C.		Member of the Legislative Assembly; Counsel — Thomas & Walden (Barristers & Solicitors)	1965	one
M. BUZEK		President — Dominion Window and Floor Service Limited	1964	26
C. R. ARCHIBALD, Q.C.		Partner — Strathy, Archibald, Seagram & Cole (Barristers & Solicitors)	1964	one
S. H. WAITE		Partner — Nixon, Hargrave, Devans & Doyle (Attorneys)	1964	one
C. E. DALRYMPLE		Vice-President — Lincoln Rochester Trust Company	1967	one
J. W. GABEL		Vice-President — Lincoln Rochester Trust Company	1967	one

NOTE: (1) The number of shares shown above is as reported by the respective nominees.

The following five nominees are to be elected under the said voting trust agreement in accordance with the direction of the Creditors' Committee: M. Goldhar, S. Gotfrid, R. D. Wolfe, J. A. Renwick and M. Buzek.

Management is not aware that any of the nominees would be unwilling to serve as director, if elected.

REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid by the Company to its senior officers during the year ended September 30, 1968, was \$20,000.

APPOINTMENT OF AUDITORS

Proxies solicited by management will be voted for the appointment of Clarkson, Gordon & Co. as auditors of the Company. Clarkson, Gordon & Co. were first appointed auditors of the Company in 1964.

CHANGE OF NAME

One of the purposes for which the Meeting is called is to consider and, if approved, to confirm the resolution passed by the directors on the 4th day of November, 1968, providing for an application to the Lieutenant Governor of the Province of Ontario for Supplementary Letters Patent changing the name of the Company to Towmart Holdings Limited. In order to be effective the resolution must be confirmed with or without variation by at least two-thirds of the votes cast at the Meeting.

OTHER BUSINESS

The management knows of no matters to come before the Meeting other than the matters referred to in the Notice. However, if any other matters which are not known to the management should properly come before the Meeting, the proxies will be voted on such matters in accordance with the best judgment of the person voting the proxies.

November 25, 1968.

S. GOTFRID, Q.C.,
Secretary.